

SUBJECT: Approval of bonds by attorney general

COMMITTEE: Financial Institutions: favorable, without amendment

VOTE: 6 ayes--Gibson, Price, Berlanga, Lucio, Marchant,
Robnett

0 nays

3 absent--Denton, Larry, Wallace

WITNESSES: For--Danny Burger, Municipal Advisory Council of Texas

Against--None

DIGEST: HB 2514 would require the attorney general to examine and approve, and the comptroller to register, all notes and bonds issued by public entities in Texas on or after Sept. 1, 1987, with certain exceptions.

Short-term bonds, lease-purchase agreements for less than five years or valued at less than \$250,000 and certain special-obligation bonds, plus any bonds the attorney general found impractical to review, would be exempted. Approval by the attorney general would be in addition to any other requirements of law.

SUPPORTERS SAY: HB 2514 would ensure that the attorney general review and approve all bonds and large lease-purchase agreements made by the state and other public entities. Currently, the attorney general reviews and approves 90 percent of the bonds issued by public entities such as cities, counties, school districts, water districts, hospital districts, state agencies, higher education institutions and authorities. The attorney general determines whether such bonds and lease-purchase agreements are issued in accordance with the law, and the comptroller registers these bonds. This action improves the marketability of the bonds by ensuring that all steps required for their issuance have been followed. HB 2514 would simply require approval of bonds issued by entities created under the non-profit corporation act and all major lease-purchase agreements made by governmental entities.

OPPONENTS SAY: No apparent opposition.

NOTES:

The companion bill, SB 1028 by Farabee, was reported favorably with substitute from the Senate State Affairs Committee on April 14. The Senate substitute deleted language that would have exempted bonds exempted under the bill from review under other laws.